

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 JUSE-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 PA-01 PRS-01 /099 W
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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 8537

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E.O. 11652: N/A

TAGS: EMIN, ENRG, ETRD, AS, US

SUBJECT: ANTI-TRUST: U.S. ACTION AGAINST FOREIGN URANIUM AND
ZINC PRODUCERS

1. AUSTRALIAN PRESS REPORTS THAT THE U.S. DEPT. OF JUSTICE (DOJ) HAS THRCUCAXED TO SUBPOENA AUSTRALIAN ZINC PRODUCERS, EZ INDUSTRIES (EZI) AND AUSTRALIAN MINING AND SMELTING (AMS), AS WELL AS POTENTIAL AUSTRALIAN URANIUM PRODUCERS WITH DRPKECIAL REFERENCE TO PANCONTINENTAL MINING (PANCON) AND WESTERN MINING CORP. (WMC). PRESS REPORTS THAT DOJ IS ACTING WITH THE COMPLETE "ACQUIESCENCE" OF THE DEPARTMENT. PRESS CRITIC ATTRIBUTES DOJ ACTIONS TO USG EFFORTS TO DISMANTLE FOREIGN COMMODITY PRODUCER CARTELS WHICH SUPPLY COMMODITIES THAT ARE IN SHORT SUPPLY IN U.S. PRESS SPECULATES THAT IT IS SIGNIFICANT THAT DOJ INTEREST IN RAW MATERIAL GROUPS COINCIDES WITH USG EFFORTS TO ESTABLISH INTERNATIONAL ANTI-TRUST LEGISLATION BASED ON U.S. DOMESTIC ANTI-TRUST LEGISLATION.

2. MINISTER FOR NATIONAL RESOURCES AND OVERSEAS TRADE,
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DOUG ANTHONY, SPECIFICALLY DENIES THAT AUSTRALIAN URANIUM

COMPANIES WERE INVOLVED IN A SUSPECTED PRICE-FIXING DEAL. SPEAKING OF COMMODITIES IN GENERAL, ANTHONY SAID THAT THE U.S. IS ONLY FOOLING ITSELF IF IT THINKS IT CAN LOWER THE PRICE OF A COMMODITY THAT IS SCARCE, AND U.S. LEGAL ACTIONS COULD HAVE ADVERSE CONSEQUENCES ON FUTURE SUPPLIES TO THE U.S.

3. OF THE TWO AUSTRALIAN ZINC PRODUCERS MENTIONED AS POSSIBLE DOJ TARGETS, EZI REPORTEDLY HAD NO COMMENT AND AMS HAS SOUGHT U.S. COUNSEL ON THE MATTER.

4. WMC CLAIMS NO KNOWLEDGE OF DOJ INVESTIGATION, OTHER THAN WHAT HAS APPEARED IN THE PRESS. PANCON HAS NOT ISSUED ANY STATEMENT RELATIVE TO THE DOJ SUBPEONA.

5. COMMENT: EMBOFF CONTACT IN THE AUSTRALIAN MINING AND INDUSTRY COUNCIL (AMIC), AN ORGANIZATION OF MINING COMPANIES, AWARE OF NO WIDESPREAD INDUSTRY REACTION TO DOJ ACTIONS BUT AMIC CONTACT QUESTIONS DOJ RIGHT TO IMPOSE U.S. ANTI-TRUST LEGISLATION ON FOREIGN COMPANIES. AMIC WILL INFORM EMBOFF OF MINING INDUSTRY REACTIONS. PRESS HAS COVERED DOJ ACTIONS FOR A WEEK, AND TO DATE THERE HAS BEEN VIRTUALLY NO INDUSTRY BACKLASH. END COMMENT.

6. ACTION REQUESTED: EMBASSY WILL WELCOME ANY COMMENT OR GUIDANCE DEPARTMENT WISHES TO PROVIDE FOR USE IN RESPONSES TO POSSIBLE QUERIES FROM GOA, MINING INDUSTRY, AND/OR PRESS CONCERNING DOJ ACTION.
HARGROVE

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